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THE MAGAZINE FOR MAGAZINE MANAGEMENT

EDITING: THE LEGAL LIMITS

UPDATE: A RATING OF POSTAL PERFORMANCE

UNDERSTANDING PRINTERS' TRADE CUSTOMS

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AD SALES STRATEGIES: MOVING UP IN A DOWN ECONOMY

NOVEMBER 1980 VOL. 9 NO 11

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THE MAGAZINE FOR MAGAZINE MANAGEMENT

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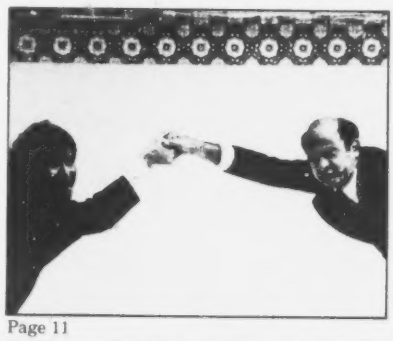

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Circulation

59% of controlled/ second class mail delivered late

Chicago—An analysis of United States Postal Service (USPS) delivery of controlled and second class publications during the last year shows that 59 percent were delivered late—by the USPS's own standards.

This information is provided by the Red Tag News Publications Association, Inc. Their data are based on the experiences of 15 business and consumer publications representing both small- and large-volume circulations, all using available USPS surface transportation. Total per-issue distribution for the magazines studied was 4.8 million.

For the period July 1979 through June 1980, the USPS provided better than the service standard for 26 percent of the magazines; up to standard for 15 percent; was one to three days late for 37 percent; four to six days late for 14 percent; and seven to 10 days late for six percent. Controlled and second class circulation publications were delivered more than 10 days late by the USPS 2 percent of the time.

The USPS fared worst meeting the service standard for controlled and second class mail going to Zones One and Two. Only 28 percent of that mail was delivered within the four-day standard set by the USPS. Zone Six mail had the best record: 48 percent was delivered within the eight-day standard set by the USPS.

The information was secured through Red Tag's subsidiary, the Periodical Delivery Monitoring Service (PDMS), which monitors publications in up to 25 markets and delivers monthly reports.

Because there is reason to believe that there is less late delivery for magazines monitored by PDMS than there is for other publications, the PDMS figures on late delivery may be, on average, conservative. Publishers who pay for the monthly service presumably have taken corrective action during the year when delivery for their particular publications was poor. What's more, the staff of PDMS includes former postal management employees who are in constant contact with postal officials in their area. Postal officials know that service is being monitored.

William Strong, executive director of the Red Tag News Publications Association, said that he does not want to make a statement on trends in USPS delivery right now. He wants to "wait and see," largely because he believes William Bolger, the Postmaster General, "is a guy who's competitive and doesn't want to lose business to alternate delivery." Strong thinks service is improving, but his reasons are largely "philosophical" at this time.

(See accompanying chart for Red Tag's 1980 publication delivery box score. FOLIO *will provide readers with quarterly composites of the Periodical Delivery Monitoring Service's findings on second class mail, and biannual reports on red-tag publication delivery.)*

USPS sets red-tag surcharge date; fight continues

Washington, D.C.—The Governors of the United States Postal Service (USPS) have set June 1, 1981 as the date for implementing the surcharge for expedited (red-tag) delivery service. However, other developments in the battle over this rate change could result in an earlier implementation date, or, possibly, delay of or even a halt to the surcharge.

The 1.2 cents-per-copy surcharge will be accompanied by a 1.1 cent-per-copy decrease in rates for magazines not using red-tag service. The change would also make red-tag service available to any magazine willing to pay the additional charge.

At the same time, the Governors have requested a cost and service study from USPS management to determine if the amount of the surcharge is justified. Deadline for that study is May 1, 1981, one month before the new rates are scheduled to go into effect.

There is a chance the red-tag

1980 PUBLICATION DELIVERY BOX SCORE
ORDINARY SECOND CLASS AND CONTROLLED CIRCULATION PUBLICATIONS*
JULY 1979 Through JUNE 1980

ZONES	USPS SERVICE STANDARD	BETTER THAN SERVICE STANDARD	SERVICE STANDARD	1-3 DAYS LATE	4-6 DAYS LATE	7-10 DAYS LATE	LATER
1 & 2	4th Day	16	12	41	19	11	1
3	5th Day	21	13	48	10	6	2
4	6th Day	29	18	34	11	6	2
5	7th Day	24	16	34	17	6	3
6	8th Day	33	15	34	12	3	3
7	9th Day	30	12	35	16	5	2
8	10th Day	31	10	40	12	6	1
Composite		26%	15%	37%	14%	6%	2%

*Source: Red Tag News Publications Association, Inc.

surcharge will take effect before June 1981. Because the surcharge was suggested by the Postal Rate Commission, it is possible that the PRC will add the surcharge on to Postal Rate Case R-80, on which it is deliberating now. That move could mean an effective date as early as March 1981.

Magazine publishers both for and against the surcharge are in court over the matter. The *Reader's Digest* is challenging the Governors' implementation date in favor of an earlier date, which would enable *The Digest* to take advantage of the 1.1 cent-per-copy savings sooner. *The Wall Street Journal* and *Newsweek* are both in court to fight implementation of the surcharge.

USPS overseas air service works well; needs more users

New York City—The United States Postal Service (USPS) is offering overseas magazine delivery that is competitive with private airlines in cost and service, according to circulation executives who are testing it. However, the USPS airlift will succeed only if more publishers begin using the service.

The USPS approved the development of International Surface Air Lift (ISAL) last year, based on recommendations from an advisory board consisting of publishing and USPS representatives. The task force concluded that the USPS could develop a service that would alleviate publishers' long-standing problems of high prices and late delivery.

Actual testing began last summer with two flights, one from New York to Paris and the other from Houston to Great Britain. McGraw-Hill has been sending *Business Week* and *Electronics* to its subscribers in Paris through ISAL since June. "We hand over *Electronics* to the USPS on Saturday and get consistent four-day delivery to Paris," says Thomas Tully, circulation manager for McGraw-Hill Publications. "That is very good service."

The basis of this fast delivery is ISAL's policy of allowing publishers to have their magazines dropped in specific countries—in contrast to the private air services, which drop all magazines in one country, and then have them surface shipped to their final destinations.

The USPS is planning to add flights from more U.S. cities to more countries as ISAL gains publisher interest. The first new route will be from Chicago to Great Britain, and Crain Communications is hoping to utilize that service.

"We are primarily interested in better service, but, as it turns out, the cost for ISAL is lower than the cost for private services," says William Strong, vice president of circulation for Crain. "We will save 25 cents per copy for *Advertising Age*, 12 cents per copy for *Automotive News*, and 19 cents per copy for *Business Insurance*."

Crain will not be able to take advantage of the cost savings until other publishers commit themselves to using ISAL, however. The USPS must guarantee airlines shipments of 750 pounds, and cannot make a shipment until it achieves that weight.

"We want to see other publishers getting involved now," says Tully. "The airlift is still experimental, and its success depends on publisher support. This service is too good for the industry to lose."

Private carriers want faster payment from publishers

Boston, Mass.—Some alternate distributors are complaining that slow payments from publishers—sometimes as late as 90 days after delivery—are causing serious cash-flow problems, especially for smaller distributors.

"Right now there are more publishers paying late than paying on time," says Maureen Ryan, executive director of the National Association of Selective Distributors. "If the magazines were being delivered through the mail, publishers would have to pay up front. Publishers should be willing to pay private distributors on time so the distributors can meet their carrier payrolls."

The problem has not arisen out of publisher negligence, but from a lack of compatibility between publishers' payment schedules and distributors' operating needs. "In most cases, publishers want us to bill them for delivery," says one alternate distributor. "It takes 30 days for an invoice to travel through regular payment channels. In the case of a weekly, that means delivering four issues of the magazine before getting the first payment. The same goes for a monthly taking 90 days to pay. The publisher thinks the payments are current, but they really are not."

"It is fortunate that we sell advertising to deliver with the magazines," says Steve Hosid, president of Target Marketing. "That income is paying the bills. We are offering publishers better service than the Postal Service gives. That service is expensive, and publishers will have to pay for it."

Some alternate distributors and publishers believe slow payment is a problem no one could have predicted, but that it will be cleared up easily. "We knew nothing about the conflict in payment schedules until some distributors brought it to our attention," says Charles Franzetta, distribution director of *Newsweek*. "Now we are trying to find a way to speed up payment for the distributors who need it. This is not a problem for all of the distributors, so the solutions will have to be found on a one-to-one basis."

Some magazines, such as *Reader's Digest* and *Better Homes and Gardens*, pay their distributors at the time of delivery. "We hope more publishers will adopt that philosophy," says an alternate distribution expert. "If they do not, there is not much a distributor can do except deliver ultimatums. It will be much better for everyone if the publishers are sensitive to the distributors' position."

Subs down for 33% of ABC magazines in first half of 1980

Chicago—One out of three consumer magazines dropped in subscription circulation in the first half of this year. In the last half of 1979, 26 percent reported subscription losses.

Of the 403 magazines included in the Audit Bureau of Circulations' (ABC) *Fas-Fax Report* for the six-month period ending June 30, 1980, 132 (or 33 percent) reported subscription losses.

The top 10 subscription circulation magazines for 1980's first half were split in terms of subscription losses versus gains for the period. Those which gained in comparison with last year's first half were *Time* (3.09 percent), *National Geographic Magazine* (3.04 percent), *Reader's Digest* (1.28 percent), *Better Homes and Gardens* (0.83 percent), and *Newsweek* (0.40 percent). The five magazines which lost subscription circulation in this year's first half as compared with last year's first half were *TV Guide* and *Ladies' Home Journal* (both -5.21 percent), *McCall's* (-2.49 percent), *Good Housekeeping* (-1.37 percent), and *Redbook* (-1.16 percent).

Top 10 magazines in subscription circulation for the six-month period ending June 30, 1980*

Title	Number of subscribers	% increase or decrease over six-month period ending June 30, 1979
1. Reader's Digest	16,933,365	+1.28
2. National Geographic Magazine	10,557,463	+3.04
3. Better Homes and Gardens	7,360,448	+0.83
4. TV Guide	7,159,625	—5.21
5. McCall's	5,486,579	—2.49
6. Ladies' Home Journal	4,442,325	—5.21
7. Time	4,155,289	+3.09
8. Good Housekeeping	3,434,983	—1.37
9. Redbook	3,430,766	—1.16
10. Newsweek	2,722,115	+0.40

*Source: Audit Bureau of Circulations *Fas-Fax Report*, June 30, 1980.

Looking at all magazines in the ABC report, some of the largest subscription gains were made by *Horse-Play* (115.64 percent), *Solar Age* (73.55 percent), *Colonial Homes* (72.52 percent), *Gallery* (69.85 percent), *Us* (69.55 percent), *Rider* (64.63 percent), *1,001 Decorating Ideas* (63.54 percent), *4 Wheel & Off-Road* (57.86 percent), *Working Woman* (57.41 percent), and *Sheet Music Magazine* (53.33 percent).

Magazines reporting large subscription losses were *Ohio Magazine* (-54.62 percent), *Hi-Fi/Stereo Buyers' Guide* (-49.91 percent), *Tiger Beat Star* (-35.17 percent), *Camera 35* (-34.97 percent), *Tiger Beat* (-30.72 percent), *Heavy Metal* (-29.37 percent), *16 Magazine* (-29.15 percent), *Globe* (-28.62 percent), *Off-Road* (-26.98 percent), and *Tiger Beat Super Special* (-25.86 percent).

The three *Tiger Beat* magazines, *16 Magazine*, and *Off-Road* also experienced heavy losses in single-copy unit sales for the first half, while *Heavy Metal*, *Ohio Magazine*, and *Camera 35* had moderate single-copy sales losses. (See related article in Single-Copy Sales Update section, page 40.)

Turning to subscription performance by subject categories, several of the newer women's magazines (in addition to *Working Woman*) scored significant gains in this year's first half as compared with last year's: *Playgirl* (42.97 percent), *Self* (42.73 percent), and *New Woman* (26.10 percent). But many of the more established women's magazines did not fare well in the subscription department: *Cosmopolitan* (-9.35 percent), *Mademoiselle* (-8.84 percent), *Glamour* (-4.55 percent) and *Vogue* (-0.11 percent).

City and regional magazines, for the most part, did very well with subscriptions. Among the gainers: *Boston Magazine* (26.45 percent), *Mpls.-St. Paul* (27.12 percent), *Nashville!* (22.34 percent), *Miami Magazine* (17.72 percent), *The Washingtonian* (8.99 percent), *Baltimore Magazine* (7.33 percent), and *Chicago* (6.76 percent). Excluding *Ohio Magazine*, losses reported by other magazines in this category were relatively small: *Cleveland*, -12.30 percent; *The Denver Magazine*, -5.73 percent; *Connecticut Magazine*, -3.37 percent; and *New Jersey Monthly*, -3.75 percent.

First-half subscription gains in the shelter category for *1,001 Decorating Ideas* (63.54 percent) and *Homeowner's "How-To"* (29.33 percent) more than made up for their rather heavy single-copy losses in the same period. Other subscription gainers were *The Family Food Garden* (34.10 percent), *Houston Home/Garden* (21.25 percent), *House Beautiful* (16.77 percent), *Apartment Life* (3.17 percent), *Better Homes and Gardens* (0.83 percent), and *House & Garden* (0.54 percent).

Men's sophisticates, in general, showed subscription gains. *Gallery* led with 69.85 percent, followed by *Playboy* (9.86 percent), and *Oui* (9.71 percent). *Genesis* showed a slight drop of -0.58 percent. *Penthouse*, *Hustler* and *Forum* did not file circulation numbers in time for press.

ABP seeks change in 50% request rule

Washington, D.C.—The American Business Press, Inc. (ABP) has filed testimony with the Postal Rate Commission which could buy time for new magazines as they seek to meet the 50 percent request requirement needed to qualify them for second class rates.

The 50 percent requirement is part of a proposal to merge second class and controlled magazines into a single price schedule. Magazines unable to prove that 50 percent of their circulation is by request would have to pay third class bulk rates, rather than the lower second class rates. As it stands, the proposal makes no provisions for new magazines.

The ABP has requested that new magazines be mailed at second class rates for two years, allowing time for them to compile either 50 percent paid subscribers or 50 percent requests. If, after two years, the magazines are unable to achieve the 50 percent requirement, they would have to be mailed at the higher third class bulk rates.

Seven magazines join BPA

New York City—Seven magazines have recently qualified as members of Business Publications Audit of Circulation, Inc. (BPA). *Construction Contracting* (Bobit Publishing Company), *The Executive Educator* (National School Boards Association), and *Eye-*

Single-copy sales

Cross-merchandising yielding impressive sales for magazines

New York City—A major new program is providing evidence that well-planned cross-merchandising can result in impressive single-copy magazine sales.

Women's fashion/beauty magazines placed on special display racks with cosmetics are selling about three times better than those on mainline fixtures, and as well as or better than those at check-outs. Called The Beauty Place, the special displays are set up in addition to the magazines' usual check-out and/or mainline displays.

Up to now, few efforts have been made to cross-merchandise magazines—that is, to display them near products related to their editorial and advertising content. Efforts have been hampered by the difficulty of demonstrating to retailers that magazines can help increase sales of the products they're displayed with, and by cost problems involved in delivering and servicing the magazines. The Beauty Place, organized by International Circulation Distributors (ICD), a national distributor owned by Hearst Corporation, is proving that these problems can be overcome.

Eight magazines are participating in The Beauty Place. Three of these—*Good Housekeeping, Harper's Bazaar* and *Cosmopolitan*—are Hearst magazines; the other magazines in the test are *Seventeen, Redbook, Vogue, Mademoiselle* and *Glamour*. They are displayed, along with Maybelline cosmetics, on a free-standing, four-sided unit.

The displays are being tested in 29 supermarket and drugstore chains located throughout the country, according to James Mayor, ICD vice president and director of chain marketing/sales. The average number of stores per chain featuring The Beauty Place during the testing stage of the program is three (five is the maximum), he says.

The first group of displays (they are being set up in segments of 100) went on store floors at the beginning of August. In most locations, the 15-copy magazine pockets on the displays have had a "surprisingly good" average sell-through time of 10 days, Mayor says. The sales have helped offset the costs of buying the displays, he says. As with multi-magazine check-out racks, publishers share the costs.

The Beauty Place is designed to take advantage of a major new merchandising trend in supermarkets, Mayor says. "The cosmetics area is where supermarkets are looking to increase their profits in the 1980s," he explains. "So the cross-merchandising of magazines with cosmetics combines two particularly hot areas for the eighties."

The Beauty Place is also "the first serious step ever taken in cross-merchandising," Mayor asserts. "This is the first time there has been

(Continued on page 44)

Women's magazines displayed near beauty products are often selling better than they do at check-outs.

Single-copy sales slump continued in first half of 1980

Chicago—The single-copy sales slump that began in 1979 continued to vex the magazine publishing industry during the first half of this year, a FOLIO analysis of first-half unit sales figures reveals.

Of 403 magazines supplying data for the Audit Bureau of Circulations' (ABC) *Fas-Fax Report* for the six-month period ending June 30, 1980, 145 (or 36 percent) experienced unit sales declines as compared with the first half of 1979.

However, an encouraging indication is that fewer magazines showed drops in single-copy sales in the first half of 1980 than in either half of 1979. Fully 44 percent showed decreases in 1979's first half (as compared with 1978's first half), and 41 percent reported sales decreases in 1979's second half (as compared with 1978's second half).

Among the magazines showing the worst sales losses were *Country Gentleman* (-66.50 percent); *Success Unlimited* (-59.92 percent); *Tiger Beat Star* (-50.03 percent); *Hounds and Hunting* (-44.74 percent); *Horticulture* (-42.16 percent); *Photoplay* (-36.08 percent); *National Review* (-34.47 percent); *Tiger Beat* (-34.01 percent); and *Federal Times* (-31.98 percent).

Among the top 10 single-copy sales magazines, four showed declines in unit sales during the first half of this year. These declines were relatively slight: *Family Circle*, -3.22 percent; *People Weekly*, -2.82 percent; *TV Guide*, -2.36 percent; and *Playboy*, -0.17 percent. All four of these magazines showed substantially larger losses than these in the second half of last year (as compared with 1978's second half): *Family Circle*, -7.48 percent; *People Weekly*, -11.51 percent; *TV Guide*, -3.33 percent; and *Playboy*, -8.99 percent.

Gainers among the top single-copy sellers in this year's first half were *The Star* (6.81 percent); *Cosmopolitan* (2.10 percent); *Globe*

Top 10 magazines in single-copy sales for the six-month period ending June 30, 1980*

Title	Unit single-copy sales	% increase or decrease over six-month period ending June 30, 1979
1. TV Guide (U.S.)	11,711,105	—2.36
2. Woman's Day	7,541,758	+0.08
3. Family Circle	7,366,482	—3.22
4. National Enquirer	4,530,122	+0.40
5. Playboy	3,365,661	—0.17
6. The Star	3,253,636	+6.81
7. Cosmopolitan	2,715,524	+2.10
8. People Weekly	1,896,486	—2.82
9. Good Housekeeping	1,703,965	+0.50
10. Globe	1,531,448	+0.65

*Source: Audit Bureau of Circulations *Fas-Fax Report*, June 30, 1980.

(0.65 percent); *Good Housekeeping* (0.50 percent); *National Enquirer* (0.40 percent); and *Woman's Day* (0.08 percent). Of these, three had reported losses in single-copy circulation for the second half of 1979 versus that period in 1978: *Woman s Day* (-6.89 percent); *National Enquirer* (-6.84 percent); and *Good Housekeeping* (-2.51 percent).

Outstanding gainers in single-copy sales among all magazines supplying figures for the 1980 first-half *Fas-Fax Report* included *50 Plus* (672.30 percent); *Americana* (416.97 percent); *Games* (199.92 percent); *Signature* (150.51 percent); *Parents* (145.72 percent); *Solar Age* (144.26 percent); *India Abroad* (108.78 percent); *Cuisine* (87.25 percent); *Opera News* (85.33 percent); *Outside* (74.29 percent); and *The Magazine Antiques* (69.54 percent).

Losses, however, continued to press hard on magazines in many subject categories, including shelter, teen, and movie. In the shelter category, decreases were reported by *The Family Handyman* (-31.83 percent); *1,001 Decorating Ideas* (-27.85 percent; *Apartment Life* (-23.74 percent); *House Beautiful* (-7.00 percent); *Homeowner's "How-To"* (-2.46 percent); and *Better Homes and Gardens* (-1.50 percent). It is important to note that the losses reported for *1,001 Decorating Ideas*, *Homeowner's "How-To"* and *Better Homes and Gardens* were substantially smaller than those reported by these magazines for the second half of 1979 versus the same period in 1978. Also, a slight gain (3.14 percent) for 1980's first half was achieved by *House & Garden*.

In the teen category, the large sales drops of *Tiger Beat* and *Tiger Beat Star* were joined by lesser decreases for *Teen Beat* (-18.37 percent), *16 Magazine* (-16.86 percent), *Seventeen* (-14.62 percent), *Teen* (-7.54 percent), *Teen Machine* (-3.51 percent), and *Super Teen* (-2.70 percent).

Most movie magazines also registered drops: *Photoplay* (-36.08 percent), *Gossip* (-23.43 percent), *Rona Barrett's Hollywood* (-18.58 percent), and *Modern Screen* (-11.97 percent).

Categories whose member magazines showed significant gains in single-copy sales, on the other hand, included gourmet magazines *(Bon Appetit*, 14.10 percent; *Gourmet*, 10.31 percent; and the aforementioned *Cuisine*, 87.25 percent) and travel and leisure magazines *(Signature, Games)*.

City and regional magazines, for the most part, also registered single-copy gains in the first six months of this year. Outstanding gains were made by *Connecticut Magazine* (37.30 percent); *Miami Magazine* (27.83 percent); *New York Magazine* (26.15 percent); and *Atlanta* (24.61 percent). Substantial decreases, however, were experienced by *Pittsburgh* magazine (-25.72 percent) and *Texas Business* (-22.68 percent).

Automotive magazines, too, seem to be enjoying an upturn in single-copy sales. *Truckin'*, which hit the skids in the second half of 1979 (down 37.89 percent from the second half of 1978), reported a large gain of 20.91 percent in 1980's first half. Another poor shower of last year's second half, *Street Rodder* (down 37.85 percent compared with 1978's second half), showed only a 0.30 percent decline in this year's first half as compared with the same period last year. Most dramatic of all was *Street Chopper's* comeback from a drop of 35.63 percent in 1979's second half versus 1978's, to a gain of 34.28 percent in 1980's first half versus 1979's. *Custom Bike*, with a gain of 40.76 percent for this year's first half, is another example of success in this category.

The major newsweeklies also did comparatively well during this year's first half. *Newsweek*, which had a 13.31 percent unit sales drop in 1979's second half as compared with that period in 1978, showed a 3.35 percent gain for the first six months of 1980. *Time*, similarly, rose from a loss of 9.04 percent in last year's second half as compared with 1978's second half, to a gain of 4.54 percent for the first half of this year versus the first half of last year. *U.S. News & World Report*, which showed an 8.09 percent gain in 1979's second half over 1978's, showed an even more substantial 19.11 percent gain in 1980's first half over 1979's.

Family Reading Centers producing sales gains

Bismarck, N. Dak.—Encouraging statistics from the Periodicals Institute's Family Reading Center marketing program are beginning to come in. Two wholesalers report retail magazine and paperback sales increases of 25 percent or more within their territories as a result of the Reading Centers.

Although many wholesalers have long been setting up retail displays featuring a variety of magazines and paperbacks, the Periodicals Institute program seeks to sell more by establishing an identifying Family Reading Center logo and uniform standards for displays.

Sales volume gains of 35 percent to 40 percent were achieved by a Dan's Super Markets, Inc. store in Bismarck, North Dakota within four weeks of installing a Reading Center, according to J.R. Sakariassen of Saks News Inc., wholesaler for the area.

The Reading Center, installed as part of a complete renovation of the supermarket, has room for 18 feet of magazines and is positioned next to the delicatessen aisle. According to the chain's director of non-foods merchandising, Bill Zerr, customers' leisurely browsing of the daily selections in the deli department carries over into the periodicals section. Formerly, the supermarket displayed

NOTE

ONLY THE FOLLOWING PAGES OF THIS

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